

**Canada – British Columbia Infrastructure Program
Recommendations and Action Plan - January 2004**

NOTE: The program management is done through a JOINT SECRETARIAT involving federal and two provincial ministries with advice from the Union of BC Municipalities representing our local government partners in the program. As such, many issues require a shared approach and responsibility.

Recommendations	Action Plan	Responsible for Action	Estimated Completion Date
<p>Ministry of Community, Aboriginal and Women's Services (MCAWS) should ensure that all of the engineer's files related to a project evaluation are maintained and either filed with or cross-referenced to the main project file.</p>	<p>As far as possible, MCAWS does try to ensure that all consultant reports and similar documents are filed with the program files. In some instances, due to the size of the materials, they are stored separately.</p>	<p>MCAWS</p>	<p>Ongoing until June 30, 2005 (project approval deadline for the program)</p>
<p>MCAWS should ensure that all project files have a copy of the Composite Priority Ranking form on file.</p> <p>For future infrastructure programs, the Ministry of Small Business and Economic Development (MSBED) and MCAWS should base their ranking out of the same score in order to avoid potential misunderstandings about project rankings.</p>	<p>Composite priority rankings are maintained on an electronic file that is available to all program staff. They are printed out and placed on file when the technical ranking process is complete and the project selected for review by the Joint Secretariat (JS).</p> <p>The green projects are ranked out of 100, which makes it easy to understand the relevant weighing of program criteria. The scoring for the 'non-green' projects was recently amended so that they too are scored out of 100.</p>	<p>MCAWS & MSBED</p>	<p>Completed February 2004 files are updated as required and all previously scored 'other' projects have been re-ranked using the revised form out of 100.</p>
<p>Management Committee should make every effort to reduce the time from the date of application to the date of approval by Management Committee.</p>	<p>A delay occurred between receipt of applications and the first approval of projects due to a change of provincial government and the requirement that a ministry-by-ministry core review take place prior to any project approvals. Most applications are incomplete requiring program staff to contact the applicant for additional information during the due diligence review.</p>	<p>MCAWS WD and MSBED</p>	<p>Ongoing encouraging applicants to provide complete information; more staff assigned for the short-term to expedite the project assessment, the process will be ongoing until the program is fully committed (expected by summer 2004).</p>
<p>Management Committee and MSBED should ensure that all decisions for "Other" projects are fully documented on the project files and in meeting minutes.</p> <p>Management Committee should ensure that only projects, which meet the criteria for nomination, are nominated and approved as eligible projects.</p>	<p>All projects that are nominated by the federal and provincial co-chairs met the criteria for nomination. Projects approved for funding under the "other" category are all federal and provincial priorities and meet the requirements of the program. Ongoing efforts are being made as the program progresses to ensure funding decisions are accurately being captured on the project files and in the MC minutes.</p>	<p>MCAWS MSBED and WD</p>	<p>Ongoing until June 30, 2005 (project approval deadline).</p>
<p>MSBED should ensure that a copy of the Management Committee Briefing Book Summary Report with approval signatures is on file in each project file.</p>	<p>MSBED agrees. All approved "other" projects now have a copy of the signed briefing book summary report in the project file.</p>	<p>MSBED</p>	<p>January 2004</p>
<p>Evidence of the Expanded Treasury Board approval should be included in the relevant provincial project files.</p>	<p>The province relies on the representations of our federal colleagues at WD to ensure that they have complied with all appropriate federal procedures to have projects approved for program funding.</p>	<p>WD</p>	<p>WD has provided MCAWS with copies of the federal TB documentation for the project files.</p>

	The SIMSI database includes details of the date of expanded Treasury Board approvals for those projects that require it.		
<p>Management Committee should monitor and document decisions which result in allocations of funding, which differ, from the population-based targets.</p> <p>Management Committee should develop and implement a process for approving more "Other" projects and ensuring that those projects are commenced within a reasonable time period.</p>	By the Agreement, the "green" sewer/water and energy efficiency improvements to local government buildings projects are the priority of the program. As a result, the focus of the program has been to approve those projects first. Since the review period, progress has been made in the "Other" category.	MSBED	Ongoing progress is being made and the funding decisions in the 'other' category should be finalized (fully committed) by the summer 2004.
Management Committee should document the decision-making process to support the funding allocated to the different priorities within the Agreement, especially where no funds have been approved for a particular category.	The Agreement states that a minimum of 75 percent of the funding will be allocated to the green category. Therefore, a maximum of 25 percent of the funds will be allocated to the "Other" category. These percentages are constantly monitored and reported at each Management Committee meeting.	MSBED	Ongoing reporting of the program status against the rural and green targets at each MC meeting.
Management Committee meetings should be scheduled on a regular basis in order to ensure that projects are approved on a timely basis	Management Committee meetings are scheduled when batches of projects are ready for review.	MSBED and WD	N/A
MCAWS and MSBED should develop and implement a process for follow up of approved projects and specify a time period for the contracts to be completed/signed after approval by Management Committee and successful completion of the Environmental Assessment (EA). This time period should be communicated in the award letter to the recipient so that contracts can be finalized in a timely manner. If the recipient cannot meet the cut-off date, the funds should be re-profiled and returned to the Program for award to another project.	<p>There are time delays between approvals and project announcements being the primary means of informing the recipient of funding. A contract is not issued until the public announcement has been made. The MC Co-chairs are reviewing this administrative policy.</p> <p>MSBED requires the recipient to sign first, thereby ensuring that the contract is signed promptly.</p> <p>Contracts for the green projects are issued as soon as practicable after the receipt of the environmental mitigation measures or confirmation that the project is on the exclusion list. Contract preparation is time consuming and there are other specific details, such as the provincially imposed conditions, that must also be included in the contract as well as the environmental mitigation measures. MCAWS has one staff person allocated to contract preparation and this person also has other program related duties.</p> <p>Section 1c of the contract between the proponent and MCAWS requires the proponent to provide verification of the start of physical construction on a project by a specified date. This date is usually set to occur at least six months after the date in section 1a (the commencement or start of physical construction date). The date in section 1(a) is finalized after discussion with the proponent, so that it fits both program guidelines and the proponent's construction schedule. MCAWS monitors the verification of the date and follows up with local governments who have not started construction in order to ascertain the cause.</p>	MSBED and WD	Request to inform the applicants of funding approval prior to the public announcement is under consideration by the Ministers.

<p>MCAWS and MSBED should consider sending a follow-up letter to recipients to clarify the procedures that should be followed for changes in project scope, costs, dates, cash flows and other adjustments.</p>	<p>As a general comment, there are limited circumstances in which the province is willing to consider major amendments to the scope of an approved project. Projects were selected for funding using the composite priority matrix, which includes the province's priorities for its program funding. MCAWS concern is that the project, as approved, should be constructed in order to address the problem identified in the application.</p> <p>Requests for minor changes to the project scope and changes to timelines and cash flow are considered on an individual basis as and when MCAWS staff receives them.</p> <p>Changes to a project's scope are reviewed carefully in order to ensure that the components of a project that have a high provincial priority are completed in advance of components that have a lower provincial priority. Changes to cash flow will only be made when they fit within the ministry's annual budget allocation and program time lines.</p> <p>MCAWS has developed a Project Adjustment procedure whereby requested changes are summarized and circulated to MSBED and WD.</p>	<p>MSBED MCAWS and WD</p>	<p>Ongoing fine-tuning of the project adjustment process throughout the program.</p>
<p>The CBCIP should ensure that claims are audited as early in the claim process as possible to ensure that recipients are only being reimbursed for eligible costs since detailed supporting information, (invoices) are not submitted with each claim.</p>	<p>Neither MSBED nor MCAWS has the capacity to review and store invoices. The number of invoices on a multi-million dollar project could be staggering and there are not enough resources to undertake a review of such documentation. MSBED and MCAWS require copies of ledger sheets indicating the type of expenditure and the dates incurred and paid. These are reviewed for eligibility. The claim form requires an authorized signature of the recipient to certify that the claim is in order. All signed contracts contain a clause notifying that recipients of funding are subject to audit.</p> <p>Green project funding is made only to British Columbia local governments. Under the <i>Local Government Act</i> and the upcoming <i>Community Charter</i>, local governments are subject to an annual audit. Individual claims are certified by two responsible officials from the local government, namely the chief financial officer and the project manager; claims must also be supported by a summary of invoices claimed.</p> <p>The annual audit plan will include individual project audits at which time a review of all documentation and invoices will take place. In addition, during site inspections of projects, invoices are reviewed with the recipient.</p>	<p>MSBED MCAWS and WD</p>	<p>Ongoing issue throughout the program managing the program risk taking into consideration the primary recipient of the funding is another order of government.</p>
<p>MCAWS and MSBED should develop and implement a process for follow up</p>	<p>In British Columbia, local governments are a separate order of</p>	<p>MCAWS and WD</p>	

of the quarterly claims for recipients with signed contracts.	government, and program staff cannot make a local government submit a claim if they are not ready to do so. Local governments are requested to submit quarterly claims for payment along with the quarterly progress reports.		
Advance payments were made by MCAWS without Management Committee approval. MCAWS should not make any further advance payments without a policy in place that has been approved by the Management Committee. Documentation of these advance payments should be filed in each official project file at MCAWS. The advance payments should be accounted for under the relevant projects in the provincial books and records to ensure that all future claims are offset against this advance.	It has been difficult for MCAWS to meet the cash flow targets set out in the agreement between Canada and British Columbia. In managing the provincial program budget, MCAWS is required to fulfill two different objectives: firstly, to ensure that the ministry's provincial budget guidelines and fiscal targets are met and secondly, to ensure that program expenditures are consistent with the overall goals of the program and our contractual obligations. Many of the sources of delays in announcing and approving projects were due to factors that are outside the control of MCAWS. We consider that there are elements of this program, particularly with respect to the federal approval process that need to be re-visited.	MCAWS and WD	April 2004 WD has noted in SIMSI the MCAWS advances to approved projects. No policy required, as MCAWS does not plan on advancing funds to approved projects.
The British Columbia provincial government should finalize their costing agreement for administrative expenses, obtain approval from Management Committee, and submit up to date claims to the federal government as soon as possible.	The provincial government agrees and will have the cost agreement in place prior to the end of the current fiscal year.	MSBED	February 2004
MCAWS and MSBED should develop and implement a formal process to follow up on cash flow requirements of recipients on a timely basis prior to project approval and throughout project implementation	MCAWS and MSBED agree and, together with WD, have developed a Project Adjustment Form to be used when the cash flow as approved by the MC needs to be changed, either because it is time expired or at the request of the proponent.	MSBED MCAWS and WD	Ongoing refinement of the form and improvements to accelerate the process.
MCAWS and MSBED should ensure that evidence is placed on each project file for projects, which are on the Environmental Assessment exclusion list.	All project files contain a copy of the Briefing Book that was approved by Management Committee. This indicates if a project was on the EA Exclusion List. If the briefing book indicates that an environmental assessment is incomplete, the MCAWS files will contain a copy of the final EA Decision Record and/ or confirmation of exclusion. We rely on the representations of our federal colleagues at WD to ensure that they have complied with all appropriate federal procedures to have projects approved for program funding and to advise us of the Canadian Environment Assessment Agency (CEAA) requirements for any particular project. The SIMSI database includes details of Exclusions under the Environmental Assessment section.	WD	Ongoing WD advises lead ministry that the EA is completed (excluded or decision made), as soon as the complete.
CBCIP should develop and implement a process to verify and ensure	All SIMSI information has been updated and verified for those	MSBED MCAWS and WD	Ongoing basis the approved projects

completeness and accuracy of all data in SIMSI.	<p>"green" applications, which are selected for funding recommendations.</p> <p>For the remaining green applications, there are a number for which only outline details have been entered into SIMSI for the reasons indicated in the Consulting and Audit Canada (CAC) report. This information is updated on an ad hoc basis depending on staff resources.</p>		information is updated.
The provincial government should work towards finding a solution that will provide full functionality of SIMSI to users in MCAWS and MSBED.	We have worked with the Information Systems Branch at MCAWS to find a way to make SIMSI more useful to MCAWS users. We now have access to the Ad Hoc Data Warehouse reports and one MCAWS staff member has been trained to prepare Ad Hoc reports.	MSBED and MCAWS	Ongoing
The federal and provincial ministries should develop a convention for recording the findings from site visits in the "notes" section of SIMSI. Findings from site visits should be entered into SIMSI on a timely basis for project management purposes.	MCAWS and MSBED agree. At the time of the audit, few projects had been approved and underway. Reports of site visits are placed on project files; copies of these reports, with any available photographs, are also shared with WD.	MSBED and MCAWS	Information is shared and updated on regular basis.
The Communication Plan should be finalized and approved by Management Committee as soon as possible.	MCAWS and MSBED agree. A Communication Plan will be finalized and approved prior to the end of this current fiscal year.	MSBED MCAWS and WD	March 2004
<p>The annual audit plan should be finalized and submitted to Management Committee for approval as soon as possible.</p> <p>Audits and site visits should be coordinated between the federal and provincial governments to minimize the intrusion to recipients.</p>	MCAWS and MSBED agree and will finalize the draft audit plan prior to the end of this current fiscal year.	MSBED MCAWS and WD	February 2004
For clarity, "Start Date" should be defined in "Definitions" section of the contract with the recipient. CBCIP management and staff should ensure that specific terminology with a specific definition is used correctly to avoid confusion or possible future disagreements or the eligibility of claimed costs.	MSBED and MCAWS agree and have altered the contract template to include the definition. The contract template that is used is a standard that was approved by the MC for use. Section 24 of the contract defines the time period when costs may be incurred that are eligible for reimbursement with program funds. The date that is inserted into that section is the date on which the Management Committee approved the project. This will always predate the date on which physical construction commences (the commencement date as per section 1a of the contract), which is also defined in the contract.	MSBED and MCAWS	Completed September 2004
The covering letter sent with the contract should contain a date by which the document must be signed and returned to the provincial Ministry, otherwise the contract expires.	<p>This is very similar to recommendation 4.C.8. We are not sure of the added value of this measure to achieve the outcome of making sure that local governments start work on an approved project on a timely basis but MCAWS will agree to inserting "please sign and return by (date)".</p> <p>The same objective is achieved through our monitoring of the dates in section 1c of issued contracts. Also, when the first claim is</p>	MCAWS	Completed September 2004

	received from a proponent, follow up is done to make sure that a signed contract has been returned to MCAWS.		
<p>Significant scope changes and revisions to the original application should be clearly documented on the project file. There should also be a certification on file signed by the applicant in which they agree to the changes and revisions.</p> <p>MCAWS and MSBED should use more detailed project descriptions in their contracts in order to provide a framework for future monitoring and audit of projects.</p>	<p>For the most part, the project description is based on the briefing book, as approved by the Management Committee, with a few minor modifications. Program staff rely on input from proponents for the briefing book description. As the program has progressed, with input from the members of the Joint Secretariat, improvements in the quality of the project descriptions are being made.</p> <p>Scope changes are initiated at the request of the proponent. A written request is required to start the process. These are included on the project files. Amendments are made to project description, where necessary, once the approvals are received from the Joint Secretaries (minor changes) or the Co-chairs of the MC (major changes).</p>	MCAWS and MSBED	Ongoing improvements are being made as the program progresses.